

Message Text

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TO AMEMBASSY NEW DELHI PRIORITY

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SUBJECT: INDIAN EMBASSY NOTE ON INDO-U.S. ECONOMIC AND
COMMERCIAL SUBCOMMISSION

1. IN FOLLOW-UP TO AMBASSADOR KAUL'S AUGUST 25 CONVERSA-
TION WITH THE SECRETARY, INDIAN EMBASSY COMMERCIAL MINISTER
DIXIT CALLED ON DEPUTY ASSISTANT SECRETARY DUBS SEPTEMBER 3,
LEAVING A NOTE ON VARIOUS ASPECTS OF INDO-U.S. ECONOMIC AND
COMMERCIAL RELATIONS, AND THE ROLE THEREIN OF THE ECONOMIC
AND COMMERCIAL SUBCOMMISSION AND THE JOINT BUSINESS COUNCIL.
THE TEXT OF THE SUBSTANTIVE BODY OF THE NOTE FOLLOWS:

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BEGIN QUOTE:

(1) INDO-U.S. JOINT COMMISSION

THOUGH THE ECONOMIC AND COMMERCIAL SUB-COMMISSION OF THE INDO-U.S. JOINT COMMISSION HAS HAD THREE VERY USEFUL MEETINGS, THERE SEEMS TO BE A NECESSITY TO MAKE THE WORK OF THIS SUB-COMMISSION MORE OPERATION-ORIENTED. A NUMBER OF ISSUES OF PARTICULAR INTEREST TO THE UNITED STATES AND INDIA, BOTH BILATERAL AND MULTILATERAL, HAVE BEEN DISCUSSED IN THE PAST MEETINGS OF THIS SUB-COMMISSION. THE FOLLOW-UP ACTION TAKEN ON THESE DELIBERATIONS, HOWEVER, HAVE MADE A LESS

THAN TANGIBLE IMPACT ON BILATERAL TRADE AND ECONOMIC CO-OPERATION. THE GOVERNMENT OF INDIA WOULD BE INTERESTED IN DISCUSSING HOW THE DECISIONS AND DELIBERATIONS OF THE SUB-COMMISSION CAN BE EFFECTIVELY TRANSLATED INTO ACTION THROUGH THE RELEVANT GOVERNMENT DEPARTMENTS AND PRIVATE AND PUBLIC ORGANIZATIONS IN BOTH COUNTRIES AT THE NEXT MEETING OF THE SUB-COMMISSION. NO DEFINITE DATE FOR THE NEXT MEETING OF THE SUB-COMMISSION WAS FINALIZED WHEN THE SUB-COMMISSION MET IN DELHI IN MARCH, 1976. IT IS HOPED THAT THE NEXT MEETING OF THE SUB-COMMISSION WOULD BE HELD AS EARLY AS CONVENIENT, EARLY NEXT YEAR.

(2) INDO-U.S. JOINT BUSINESS COUNCIL

THE INDO-U.S. JOINT BUSINESS COUNCIL WHICH HAD ITS FIRST MEETING IN NEW DELHI IN FEBRUARY, 1976, HAD RESULTED IN A USEFUL DIALOGUE AND A SERIES OF CONTACTS BETWEEN THE BUSINESS COMMUNITY IN U.S.A. AND INDIA. THE U.S. SECTION OF THE BUSINESS COUNCIL UNDER THE DYNAMIC LEADERSHIP OF MR. ORVILLE FREEMAN HAS DEVELOPED CERTAIN ACTION PROGRAMMES TO EXPAND ECONOMIC COOPERATION AND BILATERAL TRADE. THE U.S. SECTION HAS ALSO SUBDIVIDED ITSELF INTO WORKING GROUPS OR TASK FORCES TO ADDRESS THEMSELVES TO SPECIFIC PROBLEMS OF INVESTMENT, TRADE, DEVELOPMENT OF INDUSTRIAL RESOURCES AND SO ON. WHILE BOTH THE INDIAN AND U.S. SECTIONS OF THE COUNCIL HAVE BEEN TAKING FOLLOW-UP ACTION, DIRECT CONTACTS BETWEEN THE REPRESENTATIVES OF THE U.S. LIMITED OFFICIAL USE

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AND INDIAN SECTIONS HAVE NOT BEEN AS FREQUENT AS ONE WOULD HOPE FOR. THE GOVERNMENT OF INDIA WOULD BE HAPPY TO DISCUSS JOINT MEASURES WITH THE UNITED STATES GOVERNMENT TO ENCOURAGE AN INCREASE OF SUCH CONTACTS BETWEEN THE U.S. BUSINESS COMMUNITY AND THE INDIAN BUSINESS COMMUNITY THROUGH THE AGENCY OF THE JOINT BUSINESS COUNCIL.

THE INDIAN SECTION OF THE BUSINESS COUNCIL HAD EXPLAINED

AT LENGTH THE RULES, REGULATIONS AND CONDITIONS GOVERNING FOREIGN INVESTMENT IN INDIA AND EMPHASIZED THAT THEY ARE CONDUCIVE TO INCREASING U.S. PARTICIPATION AND COOPERATION IN AREAS IMPORTANT TO THE ECONOMIC DEVELOPMENT OF INDIA. IT IS, HOWEVER, FELT THAT THE DISCUSSIONS HELD IN THIS REGARD HAVE NOT MADE THE NECESSARY POSITIVE IMPACT ON THE U.S. BUSINESS COMMUNITY. THE EMBASSY WOULD BE HAPPY TO RESPOND TO ANY QUERIES OR CLARIFICATIONS WHICH THE U.S. SECTION OF THE BUSINESS COUNCIL MAY NEED TO UNDERSTAND AND APPRECIATE THE INVESTMENT CLIMATE IN INDIA.

(3) QUANTITATIVE RESTRICTIONS ON IMPORTS OF TEXTILES FROM INDIA

THE EXPORTS OF COTTON TEXTILES FROM INDIA TO THE UNITED STATES ARE SERIOUSLY HAMPERED ON ACCOUNT OF RESTRICTIONS IN TERMS OF INADEQUATE QUOTAS IMPOSED ON THEM. THE QUOTAS FIXED UNDER THE BILATERAL AGREEMENT HAVE BEEN FOUND ENTIRELY INADEQUATE AND DO NOT DO JUSTICE TO THE ASPIRATIONS AND POTENTIAL OF THE TEXTILE INDUSTRY IN INDIA. FURTHER, THE AGREEMENT TENDS TO RESTRICT THE EXPORTS OF HANDLOOM PRODUCTS FROM INDIA WHICH IS AGAINST THE SPIRIT OF THE MULTI-FIBRE ARRANGEMENT OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE. IT IS NECESSARY THAT QUOTAS UNDER BILATERAL AGREEMENT ARE RE-ASSIGNED ON A PRACTICAL FOOTING AND RESTRICTIONS ON HANDLOOM PRODUCTS COMPLETELY REMOVED TAKING INTO CONSIDERATION THE HUMAN ASPECTS INVOLVED AND THE ASPIRATIONS OF THE INDUSTRY IN INDIA.

(4) MULTILATERAL TRADE NEGOTIATIONS AT GENEVA

INDIA HAD SUBMITTED A LIST OF TROPICAL PRODUCTS TO THE UNITED STATES DELEGATION DURING THE MULTILATERAL TRADE LIMITED OFFICIAL USE

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NEGOTIATIONS AT GENEVA WITH A REQUEST THAT TARIFF AND NON-TARIFF BARRIERS IN THE UNITED STATES BE LIBERALIZED IN REGARD TO THESE PRODUCTS. THE UNITED STATES HAS MADE CERTAIN OFFERS OF REDUCTION IN TARIFFS WITH RESPECT TO CERTAIN ITEMS ON INDIA'S REQUEST LIST. HOWEVER, ON A LARGE NUMBER OF ITEMS, NO OFFERS HAVE YET BEEN MADE. THE U.S. DELEGATION HAS BEEN INSISTING ON CERTAIN CONCESSIONS FROM THE GOVERNMENT OF INDIA IN RECIPROCITY THOUGH THE PRINCIPLES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE AND THE CONTENTS OF THE TOKYO AGREEMENT DO NOT CALL FOR ANY RECIPROCITY FROM THE DEVELOPING COUNTRIES. IT IS IMPORTANT IN THE INTEREST OF PROMOTING INDIA'S EXPORTS OF THESE ITEMS TO THE UNITED STATES THAT THEY RECEIVE THE TARIFF LIBERALIZATION REQUESTED.

(5) GENERALIZED SYSTEM OF PREFERENCES

THERE ARE A LARGE NUMBER OF ITEMS WHICH HAVE BEEN OMITTED FROM THE PURVIEW OF THE GENERALIZED SYSTEM OF PREFERENCES INTRODUCED BY THE GOVERNMENT OF THE UNITED STATES WITH EFFECT FROM JANUARY 1, 1976. PREFERENCES IN SEVERAL ITEMS WHICH HAVE BEEN GRANTED THE GSP BENEFITS HAVE ALSO BEEN DENIED TO INDIA ON THE GROUNDS THAT INDIA'S SHARE OF TOTAL U.S. IMPORTS OF THESE ITEMS IN A YEAR IS IN EXCESS OF 50 OR \$25 MILLION- SEVERAL IMPORTANT ITEMS OF VITAL INTEREST TO INDIA HAVE BEEN EFFECTED BY THESE RESTRICTIONS. IMPORTANT AMONGST THESE ITEMS ARE HANDLOOM FABRICS, FROG MEAT, CERTAIN JUTE PRODUCTS, TEXTILES, FOOTWEAR, A NUMBER OF ITEMS OF IRON AND STEEL AND CERTAIN ELECTRONIC ITEMS. AS THESE ITEMS ARE SIGNIFICANT ELEMENTS IN INDIA'S EXPORTS

TO THE UNITED STATES AND NEED THE ENCOURAGEMENT OF THE UNITED STATES GOVERNMENT, THE U.S. GOVERNMENT IS REQUESTED TO GIVE SPECIAL CONSIDERATION TO THE EXPORT OF THESE ITEMS FROM INDIA AND SHOULD CONSIDER GRANTING GSP BENEFITS TO INDIA FOR THESE PRODUCTS.

(6) EXPORTS FROM INDIA OF ASIAN IVORY

WITH EFFECT FROM JULY 14, 1976, THE GOVERNMENT OF THE UNITED STATES HAS PUT AN EMBARGO ON THE IMPORT OF ASIAN LIMITED OFFICIAL USE

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IVORY INTO THE UNITED STATES. THIS HAS BEEN DONE IN PURSUANCE OF ASIAN ELEPHANT HAVING BEEN DECLARED AN ENDANGERED SPECIES. THE GOVERNMENT OF INDIA HAS RATIFIED THE INTERNATIONAL CONVENTION ON TRADE IN ENDANGERED SPECIES OF WORLD FAUNA AND FLORA UNDER WHICH PROTECTION IS EXTENDED TO ASIAN ELEPHANTS AND THUS FULLY SHARES THE CONCERN OF THE UNITED STATES FOR THIS SPECIES OF ANIMAL. IN INDIA, RAW IVORY ORIGINATES ENTIRELY FROM THE FOREST DEPARTMENT OF THE DIFFERENT STATE GOVERNMENTS. IN ADDITION, THERE ARE A LARGE AMOUNT OF SUPPLIES AVAILABLE IN INDIA BY WAY OF OLD IVORY EXISTING IN ABUNDANCE IN THE FORM OF ORNAMENTS. THIS OLD IVORY IS RE-WORKED AND EXPORTED FROM INDIA. FURTHER, INDIA IMPORTS SUBSTANTIAL AMOUNT OF RAW AFRICAN IVORY FOR THE PURPOSE OF EXPORTS OF FINISHED IVORY PRODUCTS. PRACTICALLY, ALL EXPORT TRADE IN IVORY FROM INDIA CONSISTS OF OLD RE-WORKED IVORY OR AFRICAN IVORY. THE GOVERNMENT OF INDIA IS ALSO CONTEMPLATING THE INTRODUCTION OF A SYSTEM OF LICENSING OF TRADE IN IVORY AND REGISTRATION OF EXPORTERS OF IVORY PRODUCTS IN INDIA TO ADD TO THE CONTROLS ALREADY IN FORCE. IN VIEW OF ALL THESE FACTORS, THE GOVERNMENT OF THE UNITED STATES SHOULD CONSIDER EXEMPTING INDIA FROM ANY PROCEDURE REQUIR-

ING CERTIFICATION OF INDIVIDUAL CONSIGNMENTS AS BEING MADE
OF AFRICAN IVORY, AND SHOULD PROVIDE FOR IMPORT OF IVORY
PRODUCTS MADE NOT ONLY FROM AFRICAN IVORY BUT ALSO PRODUCTS
MADE OF ASIAN IVORY. THE GOVERNMENT OF INDIA IS WILLING
TO GIVE A BLANKET ASSURANCE TO THE GOVERNMENT OF THE
UNITED STATES ON THE LEGALITY OF INDIA'S EXPORT TRADE IN
IVORY PRODUCTS.

2. DEPT WILL PREPARE RESPONSE TO THE NOTE. WE WOULD
WELCOME ANY COMMENTS THE EMBASSY MAY HAVE. ROBINSON

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